

# **PAID LEAVE & I-1433**

City of Tacoma

Finance / Tax & License

**City Council Study Session**  
**August 29, 2017**

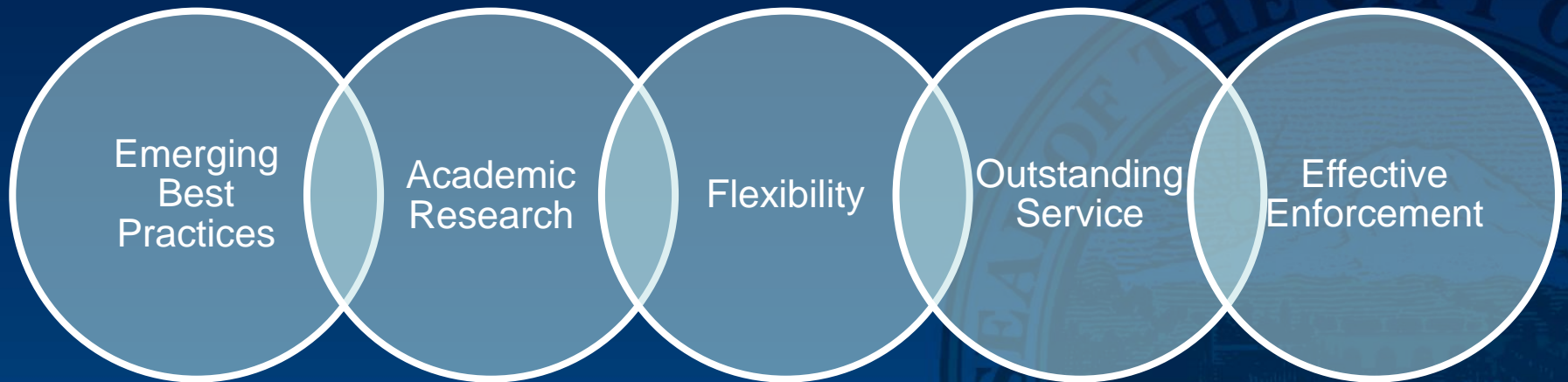


# Overview

- In November 2016, Washington voters approved Initiative 1433
  - I-1433 increased the State minimum wage & created a statewide paid sick leave requirement
  - Tacoma's minimum wage remains more generous until at least 2019
  - Changes needed this year to align City code with State paid sick leave law
  - Government Performance Finance Committee recommended amendments be considered by the full Council
  - Today: Provide background info & answer questions <sup>2</sup>

# Background

- January 2015: Tacoma's Paid Leave Ordinance approved by Council
- City staff have built an employment standards program that focuses on public education, while providing a high level of support to businesses and protections for precariously-employed workers



*Program development was based on 5 key themes*

# Enforcement Overview

## EMPLOYMENT STANDARDS OVERVIEW

*Enforcement totals through July 2017*

Employees receiving owed Leave/Wages	Total Value of Recovered Leave/Wages	Paid Leave Hours Recovered	Value of Recovered Paid Leave Hours	Back pay recovered for Minimum Wage
595	\$168,927	8,890	\$158,557	\$10,371

*NOTE: Does not include impacts resulting from voluntary compliance.*

## Employment Standards Case Snapshot

*Totals through July 2017*

	Notifications Received	Closed: No Jurisdiction	Resolved: Courtesy Letter	Resolved: Withdrawn	Resolved: No Violation	Resolved: Settlement Agreement
<b>Total</b>	<b>61</b>	5	7	6	7	27
<b>Total Resolved</b>	<b>52</b>					
<b>Total In Process</b>	<b>9</b>					

*Of the 61 notifications, roughly 52% were PL only, 25% were PL&MW, and 23% were MW only.*

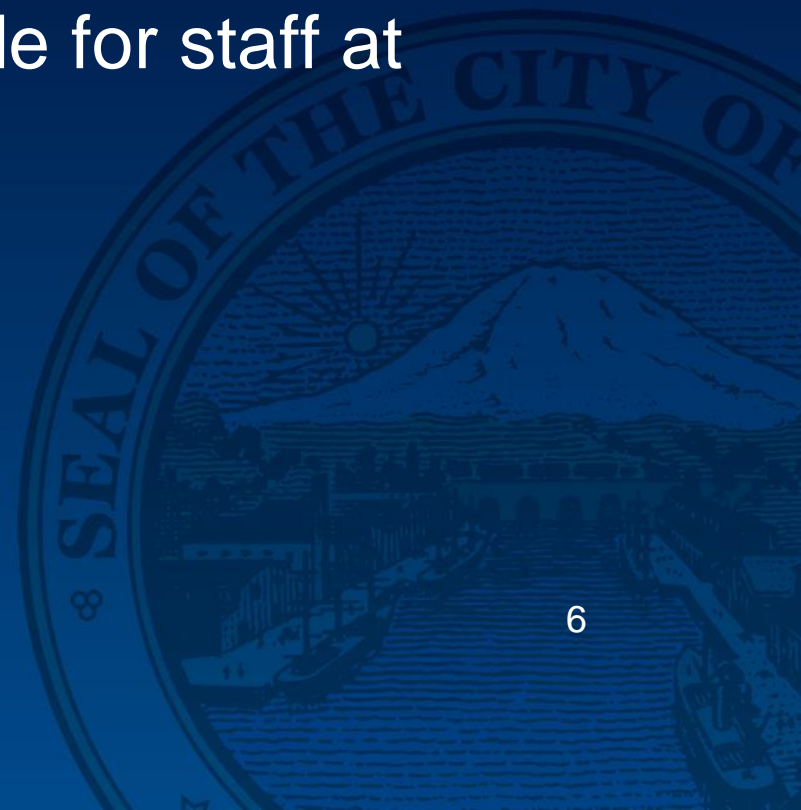


- More than 164 community partners
- 62 community presentations & outreach events



# Working with L&I

- Create efficiencies and avoid duplicate work by collaborating on local cases
- Co-drafted a referral guide for staff at both agencies

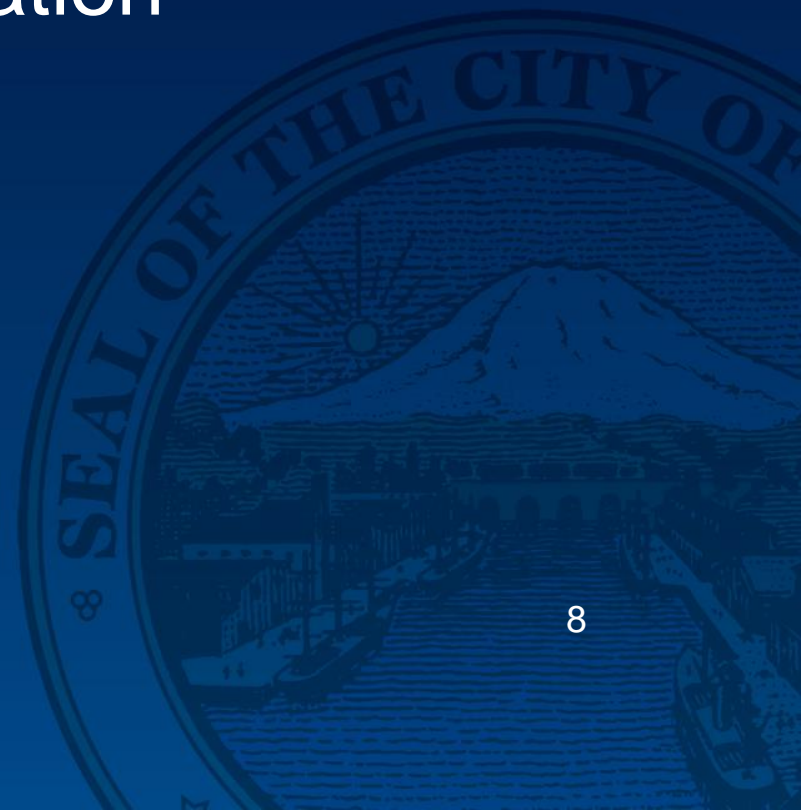


# Employment Standards Budget

	2017	2018	Biennium	Actual BTD Expenses	Anticipated Future Expenses
2.5 FTE's	250,000	250,000	500,000	105,000	395,000
- Program Manager					
- Investigator					
- Customer Service Rep (.5 shared with T&L)					
Advertising/Outreach	20,000	20,000	40,000	2,000	33,000
Professional Services	80,000	80,000	160,000		6,000
- Translation Services					6,000
- Possible Contracted Outreach Services					TBD
- Possible Contracted Investigation Services					TBD
	350,000	350,000	700,000		

# City & State Sick Leave Differences

1. Method of Investigation
2. Amount of Leave
3. Who is Covered





# Primary Differences: #1 Method of Investigation

## Workplace Wide

- Confidentiality for witnesses

### **Results:**

- Workplace wide compliance & repayment of owed leave to all workers

## Individual

- Witness identity is revealed

### **Results:**

- Only employees who complain are repaid

# Primary Differences: #1

## Method of Investigation (Cont.)

*Why do enforcement models matter?*

- Complaint-based systems rely on trust
- How we investigate impacts equity
- Enforcement models set the “cost of non-compliance”

# Primary Differences: #1

## Method of Investigation (Cont.)

### Comparison of City & State Enforcement Outcomes

*Figures based on actual Tacoma case data from February 1, 2016 – July, 28 2017*

	# of Workers receiving owed wages or leave	Value of wages/leave returned to workers
Workplace Wide Enforcement	595	\$168,927
Individual Enforcement	20	\$4,672

*Workplace-wide investigations returned thirty-six (36) times the amount of wages/paid sick leave hours to roughly thirty (30) times as many workers than individual investigations.*

# Primary Differences: #2

## Amount of Leave

In general, State law is more generous:

Provision	City of Tacoma	Statewide Initiative 1433
Accrual rate	Minimum of 1 hour for every 40 worked	Minimum of 1 hour for every 40 worked
Accrual annual limit	24 hours per year	Law sets no limit on accrual
Annual carry over	A minimum of 24 hours	A minimum of 40 hours
Annual limit on use	Can be capped at 40 hours	Law sets no limit on use
When does employee become eligible to use accrued time?	180 <sup>th</sup> day after hire	90 <sup>th</sup> calendar day after hire

# Primary Differences: #3

## Who is Covered

***State law uses existing Minimum Wage Act definition of employee:***

- Many exceptions, including overtime exempt workers
- Exempt workers include more than well-paid managers and professionals
- These employees will have no right to paid sick leave under state law



# Alternatives

The alternative to modifying Tacoma's law is to:

1. Repeal TMC 18.10; and
2. Rely on the State laws, State outreach, and State enforcement to determine paid sick leave outcomes within the City to Tacoma.

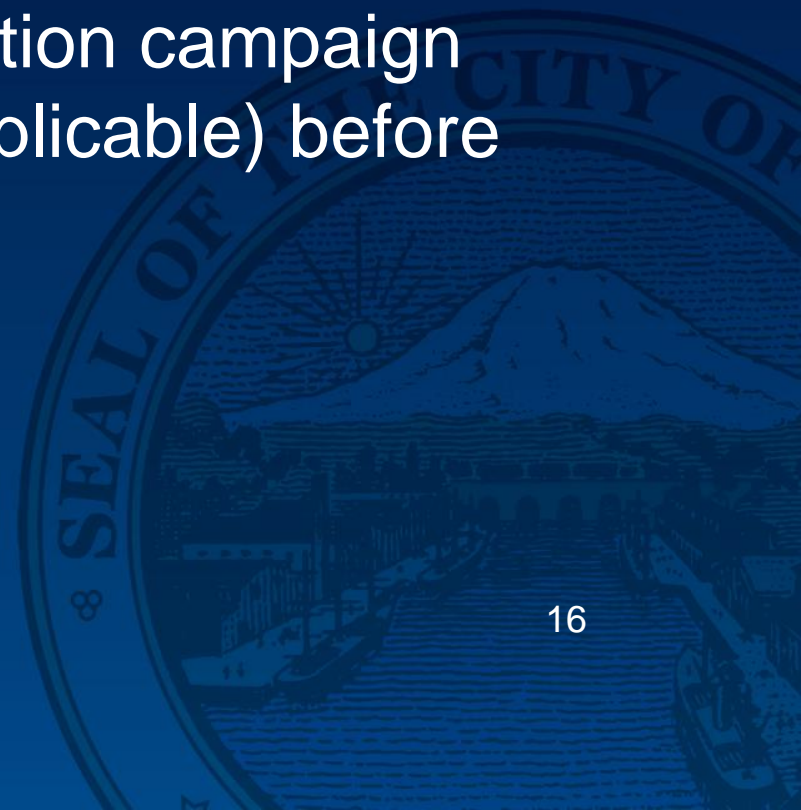
# Staff Recommendation

## Update TMC 18.10:

- Retain Tacoma's nationally recognized outreach and enforcement models
- Continue making paid sick leave available to exempt workers
- Preserve the flexibility that Tacoma's Ordinance offers employers wherever allowable under State law

# Next Steps

- Council policy decision on Title 18.10 amendments
- Significant public education campaign (and rules process if applicable) before January 2018



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